

AMENDED IN ASSEMBLY SEPTEMBER 3, 2015

AMENDED IN ASSEMBLY AUGUST 19, 2015

AMENDED IN ASSEMBLY JUNE 24, 2015

AMENDED IN SENATE JUNE 2, 2015

AMENDED IN SENATE MAY 13, 2015

SENATE BILL

No. 134

Introduced by Senator Hertzberg

(Principal coauthor: Assembly Member Alejo)

**(Coauthors: Senators Allen, Jackson, Leno, Pavley, and
Wieckowski)**

(Coauthors: Assembly Members Cristina Garcia and Santiago)

January 22, 2015

An act to add Section 6032.5 to the Business and Professions Code, and to add Section 1564.5 to the Code of Civil Procedure, relating to attorneys.

LEGISLATIVE COUNSEL'S DIGEST

SB 134, as amended, Hertzberg. State Bar of California: Interest on Lawyers' Trust Accounts: escheated funds: Public Interest Attorney Loan Repayment Program.

Existing law, the State Bar Act, provides for the licensure and regulation of attorneys by the State Bar of California, a public corporation. Existing law requires an attorney or law firm that receives or disburses trust funds to establish an interest-bearing demand trust account and to deposit in the account all client deposits that are nominal in amount or are on deposit for a short period of time. Existing law creates the Public Interest Attorney Loan Repayment Program, which

is administered by the Student Aid Commission, to provide loan repayment assistance for licensed attorneys who practice or agree to practice in public interest areas of the law in California.

Existing law provides for the escheat of property to the state. Existing law requires all property that escheats to the state to be deposited into the Abandoned Property Account in the Unclaimed Property Fund, which is continuously appropriated for specified purposes. Existing law establishes procedures for submitting a claim for property that has escheated.

This bill would require funds in Interest on Lawyers' Trust Accounts (IOLTA) that escheat to the state to be deposited into the Abandoned IOLTA Property Account, which would be established within the Unclaimed Property Fund. The bill would establish the IOLTA Claims Reserve Subaccount within the account and would require *that 25% of IOLTA escheated funds be deposited into the subaccount to be used by the Controller to determine and transfer for deposit into the subaccount an amount that is sufficient to pay refunds, claims, and costs associated with escheated IOLTA funds, to be available upon appropriation by the Legislature. Controller, upon appropriation by the Legislature, for the purposes of paying refunds, claims, and costs associated with escheated IOLTA funds.* The bill would require the balance of the escheated IOLTA funds to be transferred annually into the Public Interest Attorney Loan Repayment Account to be established by this bill within the State Treasury for the purposes of providing, upon appropriation by the Legislature, additional funding to the Student Aid Commission for the administration of, and provision of loan assistance pursuant to, the Public Interest Attorney Loan Repayment Program.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 6032.5 is added to the Business and
- 2 Professions Code, to read:
- 3 6032.5. (a) The Public Interest Attorney Loan Repayment
- 4 Account is hereby established within the State Treasury.
- 5 (b) Funds from an IOLTA account that escheat to the state and
- 6 are deposited into the Public Interest Attorney Loan Repayment
- 7 Account pursuant to subdivision (c) of Section 1564.5 of the Code
- 8 of Civil Procedure shall be used, upon appropriation by the

1 Legislature, by the Student Aid Commission for the purpose of
2 providing increased funding for, both the administration of and
3 the provision of loan assistance pursuant to, the Public Interest
4 Attorney Loan Repayment Program pursuant to Article 12
5 (commencing with Section 69740) of Chapter 2 of Part 42 of
6 Division 5 of Title 3 of the Education Code.

7 SEC. 2. Section 1564.5 is added to the Code of Civil Procedure,
8 to read:

9 1564.5. (a) Notwithstanding any law, including, but not limited
10 to, Section 1564, all money received under this chapter from funds
11 held in an Interest on Lawyers' Trust Account (IOLTA) that
12 escheat to the state shall be administered as set forth in this section.
13 The money shall be deposited into the Abandoned IOLTA Property
14 Account, which is hereby established within the Unclaimed
15 Property Fund.

16 (b) ~~From all money deposited into Twenty-five percent of the~~
17 ~~money in the Abandoned IOLTA Property Account, the Controller~~
18 ~~Account shall determine and transfer for deposit be deposited into~~
19 ~~the IOLTA Claims Reserve Subaccount, which is hereby~~
20 ~~established within the Abandoned IOLTA Property Account, an~~
21 ~~amount that is sufficient to pay all refunds, claims, and costs~~
22 ~~pursuant to this chapter related to the escheated IOLTA funds.~~
23 ~~Account. Funds in the subaccount shall, upon appropriation by the~~
24 ~~Legislature, be available to the Controller for these payments. the~~
25 ~~payment of all refunds, claims, and costs pursuant to this chapter~~
26 ~~related to escheated IOLTA funds.~~

27 (c) The balance of the funds ~~deposited into~~ in the Abandoned
28 IOLTA Property ~~Account in excess of the Account, excluding~~
29 funds in the subaccount, shall be transferred on an annual basis to
30 the Public Interest Attorney Loan Repayment Account established
31 pursuant to Section 6032.5 of the Business and Professions Code.
32 Before making this transfer, the Controller shall record the name
33 and last known address of each person appearing from the holders'
34 report to be entitled to the escheated property. The record shall be
35 available for public inspection at all reasonable business hours.